

CALIFORNIA COMMISSION ON AGING
REPORT ON REVIEW OF OPERATIONS

SEPTEMBER 1973

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October 24, 1973

The Honorable President of the Senate
The Honorable Speaker of the Assembly
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members:

Transmitted herewith is a preliminary report on the California Commission on Aging. The commission is responsible for the administration of the Older Americans Act in California and as such has the responsibility for the supervision of both planning and project grants affecting the aged, as well as the implementation of the federal nutrition appropriation enacted in May 1973.

Federal funding to California for the implementation of these programs increased from approximately \$3 million for fiscal year 1972-73 to \$12.3 million, which must be obligated in the six-month period ending December 31, 1973. An additional federal appropriation is expected in January 1974 for continuing operations during calendar year 1974.

The commission filled less than 50 percent of its authorized positions during fiscal year 1972-73 and, because of this, forfeited almost \$150,000 in federal funds. As a consequence, commission staff time is currently being diverted to recruit and train staff who are now urgently needed to meet the demands imposed by the greatly increased federal appropriations.

The efforts of the commission were misdirected when they funded agency planning grants over 28 geographic areas rather than concentrating their planning efforts in designated priority areas. This action was taken notwithstanding expressed federal warnings that in the future, planning activity would have to be concentrated. The 1973-74 federal criteria will restrict federally financed planning activity to from six to ten of those areas.

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This means that federal funds will not be available to continue the operations of 18 to 22 planning area agencies. Unless alternate funding can be found, these agencies will expire without having had a direct impact on the needs of the elderly.

Area Agencies on Aging must be established in the priority areas before projects in those areas may be funded. None of the previously funded planning agencies had been designated an area agency as of September 17, 1973 and some do not and will not qualify to be so designated. Further delay could be critical since 80 percent of federal funds must be flowing through these channels by July 1, 1974.

On July 9, 1973, the commission staff was reorganized and a new director was appointed. The new management gives every indication that it is aware of what must be accomplished in a very short period and that it is working hard to meet these objectives.

However, because the commission did not complete the fundamental steps necessary for orderly and efficient administration in 1972-73, the new management may not be moving fast enough. In any event, the activation of many projects has already been delayed and in the rush to commit funds before the deadline, the best projects will not always be funded.

Respectfully submitted,

A handwritten signature in cursive script that reads "Vincent Thomas".

VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

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INTRODUCTION

In response to a legislative request, we have made a review of the operations of the California Commission on Aging. The commission serves as the administrative body to advise the Governor on the needs of California's elderly. The current commission is composed of eight persons appointed by the Governor on the basis of their interest in the field. While members of the commission serve without compensation, staff support is provided to assist them in their primary function, the administration of the Older Americans Act in California.

On July 9, 1973, the commission staff was reorganized and a new director was appointed. Also, at the beginning of the current fiscal year, new federal guidelines and appropriations were received. The new appropriations, in excess of \$12.3 million, constitute a four-fold increase in the budget of the commission.

New federal program requirements and HEW administrative goals to meet those requirements will not be finalized until later this year. They exist currently in draft form. States have been advised that any changes will be minor and that to avoid disruptions in administration, current operations should be structured as though the draft regulations were in full force and effect. In essence, these regulations impose the following requirements on the California Commission on the Aging:

Title III

- The commission must select for funding 6 to 10 priority planning areas among the 28 areas that they established in 1972-73. The priority areas selected must contain at least 60 percent of the older population of the state.
- The commission must designate an area agency on aging in each of the priority areas and must allocate at least 80 percent of the federal appropriation to the agencies in these areas.
- The state may not commit any funds to a priority area prior to the designation of an area agency on aging.
- Once an area agency is designated, no more than 15 percent of the appropriation may be expended on the development and administration of an area plan.
- An approved area plan must be developed before any additional funds may be expended in the priority area.
- Funds must be obligated by December 31, 1973 or revert to the federal government. This requirement already is in full force and effect.
- The commission is responsible for monitoring and assessing the operation of approved area plans.

Title VII

- The commission must approve approximately 100 nutrition projects. According to the federal goals, these nutrition projects should be serving 3,880 meals daily by November 30, 1973 and 16,170 meals daily by March 31, 1974.

- The nutrition projects funded must be fully operational within 90 days of the grant award.
- Funds must be obligated by December 31, 1973 or revert to the federal government.
- The commission must carry out those ongoing monitoring and administrative activities necessary to preclude adverse program developments such as mismanagement of funds, or improperly prepared food leading to illness of program participants.

The results of our fieldwork, summarized beginning on page 5, indicated that the commission was understaffed to do its job in fiscal year 1972-73, that its efforts were often misdirected and as a result it is behind schedule this year in meeting its obligations to the aging in California. The new management is faced with a tremendous workload because the commission in 1972-73 did not complete the fundamental steps necessary to obligate the new federal appropriations in a timely and efficient manner.

There are indications that although the new management is working hard, they may not be moving fast enough. This may result in a loss of some of the \$13 million of federal funds that must be obligated by December 31, 1973.

The commission administers federal programs for the aged provided for under Titles III, VI and VII of the Older Americans Act of 1965 as amended* (Public Laws 89-73; 90-42; and 91-69; 42 USCA, Sections 3001 et seq.).

*Hereafter referred to in this report as the Older Americans Act.

The commission's responsibility under Titles IV and V of the Older Americans Act is limited to comments and recommendations on proposed grants.

Title III of the Older Americans Act, (42 USCA 3021) which is the focal point of this review, provides for block grants to the state for the following purposes:

- Community planning and coordination of programs
- Demonstrations of programs or activities which are particularly valuable in carrying out the purposes of the act
- Training of special personnel needed to carry out such programs and activities
- Establishment of new or expansion of existing programs to carry out such purposes.

Title VI of the Older Americans Act (42 USCA 3044) provides grants to community projects that are intended to assist retired persons 60 years of age or older in participating in voluntary community services.

Title VII of the Older Americans Act (42 USCA 3045) provides program grants to the state to provide persons 60 years of age or older and their spouses with low cost, nutritionally sound meals served in conveniently located centers.

SUMMARY OF FINDINGS

Over one-half of the grants awarded by the Commission on Aging during 1972-73 were used to develop 28 local planning agencies. These projects had no immediate impact on the current needs of the elderly. In addition, it is expected that only 6 to 10 of these agencies will receive any federal funds in 1973-74.

In fiscal year 1972-73, the commission did not release project funds to local community projects in a timely manner. Most project funds were awarded at the end of the grant period.

In fiscal year 1972-73, the commission did not meet manpower requirements for developing a comprehensive program on aging. On April 1, 1973 only 23 positions out of the 54.3 authorized positions had been filled. Of those 23, eight employees were assigned to the Office of Special Services.

The failure to provide sufficient staffing has resulted in the state forfeiting federal administrative funds. Total forfeiture of administrative funds for fiscal years 1971-72 and 1972-73 amounted to \$172,605.

In fiscal year 1972-73 the state did not comply with the requirement that a single state agency administer state programs under Title III of the Older Americans Act.

In both fiscal years 1971-72 and 1972-73, the state did not comply with the requirement of a minimum "financial effort" on the part of the state of \$102,095 a year.

The division of state administrative responsibilities that existed in 1972-73 posed problems to the effective management of programs on aging.

Among these problems were:

- Overlaps in administration
- Increased administrative costs.

BACKGROUND

In 1966 the Citizens' Advisory Committee on Aging was elevated to commission status and was designated, pursuant to Section 18305 of the Welfare and Institutions Code, as the state agency responsible for administering the applicable provisions of the Older Americans Act enacted by Congress in 1965.

Section 18300 of the Welfare and Institutions Code provides that the California Commission on Aging is to serve as the administrative body to advise the Governor on the needs and problems of the senior citizens of California. The commission is composed of eight persons appointed by the Governor, subject to confirmation of the Senate, and selected on the basis of their demonstrated interest in maintaining adequate living standards for the health, welfare, and happiness of senior citizens in their state. Commission members serve without compensation.

In 1966 the commission was designated under Title III of the Older Americans Act (42 USCA 3023 [a][1]) to administer the California state plan for carrying out this act.

In 1972, Chapter 6 (commencing with Section 8250) was added to Division 8 of the Welfare and Institutions Code. This chapter made the commission responsible to the Secretary of the Health and Welfare Agency and placed the commission under the authority of the Office of Special Services.

FUNDS AVAILABLE

Shown below is the amount of funds available to the California Commission on Aging during the 1972-73 fiscal year to carry out the provisions of the Older Americans Act. This schedule is composed of data from the 1972 Budget Act, actual federal grant authorizations and, in the case of salary increases, the amount actually appropriated.

	<u>Funds For Administration</u>	<u>Projects</u>	<u>Total</u>
State Funds:			
Commission on Aging	\$ 69,000	-	\$ 69,000
Retired Sr. Volunteer Program	20,300	-	20,300
Salary Increases	<u>9,173</u>	-	<u>9,173</u>
Total State Funds	<u>\$ 98,473</u>		<u>\$ 98,473</u>
Federal Funds:			
1972 Supplemental Grant (Expired 12-31-72)	\$156,068	\$ 918,000	\$1,074,068
1973 Regular Grant (Expired 6-30-73)	231,068	1,521,840	1,752,908
Retired Sr. Volunteer Program Grant (Expires 3-31-74)	<u>183,355</u>	<u>-</u>	<u>183,355</u>
Total Federal Funds	<u>\$570,491</u>	<u>\$2,439,840</u>	<u>\$3,010,331</u>
Total Funds Available	<u>\$668,964</u>	<u>\$2,439,840</u>	<u>\$3,108,804</u>

In addition to the foregoing amounts, \$400,000 was appropriated by the Budget Act of 1972 and Chapter 918, Statutes of 1972. However, the use of this \$400,000 is prohibited until such time as federal funds under the provisions of Public Law 92-258, the Nutrition Program for the Elderly, become available. No federal funds under this law were available in 1972-73.

Shown below is the amount of federal funds available for the first six months of 1973-74:

	<u>Funds for Administration</u>	<u>Projects</u>	<u>Total</u>
1972-73 Regular Grant (On 6-27-73 the expiration date of the grant was extended to 12-31-73 to 12-31-73)	\$156,068	\$11,521,840	\$1,677,908*
1972-73 Supplemental Grant (Expires 12-31-73)	631,937	3,258,955	3,890,892
Title VII, Nutrition Program (Expires 12-31-73, 10% available for administration)	<u> </u>	<u>8,454,413</u>	<u>8,454,413</u>
Total Funds Available	<u>\$788,005</u>	<u>\$13,235,208</u>	<u>\$14,023,213</u>

*Most of this amount was obligated in 1972-73.

PROJECT FUNDS

Over one-half of the project funds awarded to local community projects during fiscal year 1972-73 were used to develop planning projects for future federal programs and had no immediate impact on the current needs of the elderly. In addition, the activation of many local community projects has been delayed because project awards were not expedited.

USE OF PROJECT FUNDS

At April 30, 1973, the commission had awarded \$1,681,000 out of \$2,439,840 in federal project funds available in 1972-73. \$892,000 or 53 percent of these awards went to community planning agencies for planning the needs, involvement, coordination and distribution of future grants at the local level. The remaining amount, about \$790,000 went to local projects for the continuation of on-going projects that are of direct benefit to the older citizen population of the state.

These latter projects aid communities in maintaining programs on nutrition, employment, recreation, education and transportation.

Planning grants were awarded to 28 different geographic planning areas. This wide distribution of grants for planning met with opposition from the federal government. It was the contention of the federal government that planning grants should be concentrated in a few priority areas to provide maximum impact and benefit.

The two main elements of federal concern over funding 28 different project areas were:

- Widespread distribution of planning grants fails to take full advantage of limited resources, and raises false hopes among consumers.
- Future project funds may not be available to successfully finance all programs developed by the planning agencies.

The 1973-74 federal appropriations and guidelines reflect this concern. The new funds are to be used in only 6 to 10 priority areas.

DELAY IN RELEASE OF PROJECT FUNDS

In 1972-73, the commission did not release project funds to local communities in a timely manner. Most project funds were awarded near the end of the grant period. Two results of this practice are:

- Delayed activation of community projects.
- Urgency to award funds before the end of the grant period, preventing comprehensive review of individual project proposals.

At April 30, 1973 only \$763,180 of the regular project grant of \$1,521,840 for 1972-73 had been obligated. In order to avoid forfeiture of the remainder of this grant, the commission had to approve additional projects totaling \$758,660 prior to June 30, 1973.

The extent to which grants have been delayed is illustrated in the table below. As shown by the table, 90 percent of the supplemental funds available until December 31, 1972, were not obligated until near the end of that grant period. Fifty percent of the regular funds remained to be obligated in the final two months of the grant period.

Obligation of Funds to Projects

<u>Availability Period Ending</u>	<u>Allotment Available</u>	<u>Amount Obligated</u>	<u>Amount Not Obligated</u>	<u>Percent Not Obligated</u>
Supplemental grant - \$918,000				
March 1972	\$ 918,000	0	\$ 918,000	100%
June 1972	918,000	\$ 87,500	830,500	90
September 1972	918,000	87,500	830,500	90
December 1972	918,000	916,900	1,100	1
Regular grant - \$1,521,840				
September 1972	760,920	0	760,920	100
December 1972	1,141,380	108,640	1,032,740	90
April 1973	1,521,840	763,180	758,660	50

INSUFFICIENT STAFF

The commission did not meet manpower requirements for developing a comprehensive program on aging.

For fiscal year 1972-73, less than 50 percent of the authorized positions were filled. The Budget Act for 1972-73 authorized nine positions for the commission. An additional 45.3 positions were established administratively during the current year to handle the workload commensurate with expanded programs on aging authorized by 1972 legislation.

Of the 54.3 authorized positions (9 original plus the 45.3 established administratively), only 23 had been filled as of April 1, 1973. The filled positions included 15 commission employees and 8 employees assigned to the Office of Special Services.

The number of staff increases to the program on aging since September 1972 is tabulated below:

Staff positions authorized	<u>54.3</u>
Positions filled on September 1, 1972	10.0
Increases from September 1, 1972 to April 1, 1973:	
Clerical	6.0
Professional	<u>7.0</u>
Total positions filled April 1, 1973	<u>23.0</u>
Total authorized positions unfilled April 1, 1973	<u>31.3</u>

The revised budget appropriations for the commission in fiscal year 1972-73 provided \$369,620 for salaries and wages. Of this amount, only \$117,000 had been expended at March 31, 1973.

In a letter to the Executive Director of the California Commission on Aging, dated September 27, 1972, the Associate Regional Commissioner for the Administration on Aging of the Department of Health, Education and Welfare reflected the concern of the federal agency regarding administration and staffing. Below is an excerpt from that letter.

"Administration and Staffing

State organization and staffing is insufficient for meeting current administrative demands and programmatic needs. There is still an urgency for additional staffing to provide adequate administration. I do not see how it will be possible to avoid issues of compliance or recommendations to withhold funds, unless there is immediate attention from your agency to this factor." (Emphasis added.)

From the date of this correspondence until April 1, 1973, the commission had increased staff personnel by only five positions. In March 1973, the Office of Special Services, under a contract with the commission, added an additional seven positions to the aging program. The Health and Welfare Agency had only one person assigned to the program on aging prior to March 1973.

The failure to fill authorized staff positions prevented the commission from fulfilling many of its pre-established goals.

For instance, state administrative guidance to local areas including the furnishing of consultive, technical and information services was

limited; training seminars to educate local community personnel developing programs on aging were not held, and a coordinated system to supply services to the elderly was not developed.

The failure to provide the staff necessary to adequately administer programs on aging resulted in the state forfeiting \$172,605 of federal administrative funds.

FORFEITURE OF FEDERAL ADMINISTRATIVE FUNDS

The amount of federal administrative funds made available to the state for fiscal years 1971-72 and 1972-73 is shown below.

<u>Fiscal Year</u>		<u>Grant Expiration Date</u>	<u>Amount</u>
1971-72	Regular grant	6-30-72	\$ 75,000
1971-72	Supplemental grant	12-31-72	156,068
1972-73	Regular grant	6-30-73	231,068
1973-74	Retired Senior Volunteers Program grant	3-31-74	<u>183,355</u>
	Total		<u>\$645,491</u>

The state forfeited \$97,065 of 1971-72 federal administrative and \$75,000 of 1972-73 administrative funds.

The tabulation below shows the amount forfeited.

	<u>Authorized</u>	<u>Used</u>	<u>Forfeited</u>
1971-72 Regular grant	\$ 75,000	\$51,114	\$23,886
1971-72 Supplemental grant	156,068	82,349	<u>73,719</u>
			\$97,605
1972-73 Regular grant	231,068	156,068	<u>75,000</u>
Total Forfeiture			<u>\$172,605</u>

SINGLE STATE AGENCY

In 1972-73, the state was not in compliance with the requirement contained in 42 USCA 3023 (a)(1) that a single state agency administer state programs and activities under Title III of the Older Americans Act. Failure to meet this requirement could have prevented the state from receiving further federal grants under this title.

This compliance issue was resolved by the state Legislature when it did not include funding for the Office of Special Services in the 1973-74 budget.

FEDERAL LAW

Section 303(a)(1) of the Older Americans Act, 42 USCA 3023 (a)(1), states that for the purpose of carrying out the provisions of Title III of the act, the secretary shall approve a state plan that "establishes or designates a single state agency as the sole agency for administering or supervising the administration of the plan...". Section 303(b)(2) of the act, 42 USCA 3023 (b)(2), states that if "in the administration of the plan there is a failure to comply substantially with any such provision, the Secretary shall notify such state agency that no further payments will be made to the state under this title ... until he is satisfied that there will no longer be any failure to comply".

In 1966, pursuant to Section 18305 of the Welfare and Institutions Code, the California Commission on Aging was designated as the single state agency for carrying out the provisions of the act.

QUESTION OF STATE COMPLIANCE

In 1972 two events caused the federal government to question the state's compliance with the "single state agency" requirement.

1. The enactment of Chapter 918, Statutes of 1972, (AB 1202) made the commission responsible to the Health and Welfare Agency under the direction of the Office of Special Services.
2. A contract between the commission and the Office of Special Services delegated certain commission administrative responsibilities to the Office of Special Services on October 1, 1972.

Chapter 918

Chapter 918, Statutes of 1972, made the commission responsible to the Secretary of the Health and Welfare Agency. Chapter 918 did not change the structure of the commission nor did it remove the commission from the Department of Human Resources Development. This chapter also created the Office of Special Services to coordinate, oversee, direct, and harmonize the work of the offices, councils, commissions and boards in the Health and Welfare Agency.

In opinion number 10558 issued by the Office of the Legislative Counsel, a determination was made that the Office of Special Services had authority over the Commission on Aging. This opinion stated that:

"Since the California Commission on Aging is a part of the Health and Welfare Agency, we think that the Office of Special Services is authorized, by Section 8250 of the Welfare and Institutions Code to coordinate, oversee, direct and harmonize the work of the commission and assure that there is no duplication of work, effort or programs between the commission and other entities within the Health and Welfare Agency.

To this extent then, we think the Office of Special Services has authority over the California Commission on Aging."

The federal government expressed concern that the provisions of Chapter 918 are in violation of federal requirements. In a letter dated December 1, 1972, sent to the Executive Director of the Commission on Aging from the Regional Commissioner for the Administration on Aging this concern was expressed as follows:

"The Office of the Regional Attorney has reviewed and analyzed Assembly Bill No. 1202 and a proposed contract between the California Commission on Aging and the Health and Welfare Agency. The Regional Attorney raises questions concerning the Federal requirement that a 'single State agency' be designated to administer or supervise the administration of the State plan pursuant to Titles III and VII of the Older Americans Act of 1965.

The provision in Section 2 of AB 1202 that directs the California Commission on Aging to secure the approval of the Secretary of the State Health and Welfare Agency prior to submitting to the Federal government the State plan for implementation of PL 92-258 has, in effect, given another authority of government outside the 'single State agency' significant veto powers over the 'single State agency's' authority and responsibility to develop program content and formulate program policy. This is clear contravention of Federal requirements.

The establishment in Chapter 6 of AB 1202 of an Office of Special Services, which is authorized to 'coordinate, oversee, direct and harmonize the work of the [California Commission on Aging]', has possibly empowered another authority of government in the State to substitute its judgment for that of the 'single State agency' in administrative decisions involving policies, rules and regulations promulgated by the Commission on Aging. I need, therefore, clarification as to exactly what authority the Office of Special Services will have with respect to 'coordinate[ing], oversee[ing], direct[ing] and harmonize[ing] the work of the California Commission on Aging, and request that you secure for me an opinion from the Office of the Attorney General of California on this matter."

INTERAGENCY AGREEMENT

Commission control over programs dealing with the Older Americans Act were further reduced by agreement with the State Health and Welfare Agency giving the Office of Special Services direct operational control and administrative responsibility over the nutritional program under Title VII of the act (42 USCA 3045 et seq.).

This agreement also gave OSS the authority to:

- Establish community planning and coordination programs
- Establish demonstration programs
- Establish new or expand existing programs on aging
- Utilize, supervise and direct the current and existing staff of the commission.

In effect, this agreement delegated to the Office of Special Services the administrative responsibilities previously designated to the commission pursuant to the federal requirement (42 USCA 3023 (a)(1)).

In opinion number 19551 issued by the Office of the Legislative Counsel, a determination was made that the interagency agreement was in violation of the federal single state agency requirement. This opinion stated that:

"Since the proposed contract would transfer the authority and responsibility of the commission for performance of functions, we think that the contract is violative of the federal single state agency requirement.

Thus, it is our opinion that the provisions of the proposed contract between the California Commission on Aging and the State Health and Welfare Agency in implementation of the act would not conform with federal requirements."

Federal reaction to this agreement is described in the following correspondence, dated February 22, 1973, from the Regional Commissioner of the Administration on Aging to the Executive Director of the California Commission on Aging:

"Single State Agency - Interagency Agreement The Office of the Regional Counsel has reviewed the contract. The wording of this contract is such as to indicate that the entire administration of the Title VII Nutrition (sic.) Program for the Elderly would be transferred (sic.) to the Health and Welfare Agency. Title III functions and staff would also be affected. Such a transfer of authority from the designated 'Single State Agency' would be a clear violation of Federal requirements. I need in writing the argumentation establishing the premise that the implementation of the Interagency Agreement does not violate the Single State Agency regulation.

I have requested Mr. Spear to file a compliance statement with the Administrator of Social and Rehabilitation Services on Maintenance of Effort and Inadequate Staffing for FY 72. Since there still is time before the release of Title VII monies, I have asked him to continue negotiations with you regarding the Interagency Agreement and the Office of Social Services in order to avoid the Single State Agency compliance issue."

Under the 1973-74 Budget Act, funds for Office of Special Services were eliminated. Consequently, the question of the state's compliance with the regulation was resolved.

CONTINUATION OF EFFORT

In 1972-73, the state did not maintain a level of effort sufficient to comply with federal regulations.

Section 304 (d) of the Older Americans Act (42 USCA 3024 [d]) requires that the state spend for any fiscal year not less than the amount expended from state sources for fiscal year ended June 30, 1969. The state did not meet this provision of the act in either 1971-72 or 1972-73.

For the fiscal year ended June 30, 1969 the state spent \$102,095 to carry out provisions of the act. To meet federal requirements, the state is required to expend from state sources a minimum of this amount for all subsequent fiscal years. In 1971-72, the state spent \$32,095 less than this required amount and expended \$3,622 less than required for 1972-73. This failure to comply could jeopardize future entitlement of federal grants under the act. The state funds are to be used for statewide planning, coordination, evaluation and administration.

1971-72 NON-COMPLIANCE

The original amount budgeted by the state for fiscal year 1971-72 was \$25,000. This amount was \$77,095 less than that required by federal regulations to meet the "continuation of effort" provisions of the Older Americans Act.

The Legislative Analyst in his Analysis of the Budget Bill for 1971-72 pointed out that "the failure to maintain that level of effort", meaning the amount of \$102,095 spent in fiscal year 1969, "may cost the state the entire anticipated federal grant of \$520,054 in the budget year".

The Commission on Aging did not address themselves to this non-compliance issue until midway into the fiscal year. In March 1972, just three months before the end of the fiscal year, the Governor, by executive order, directed that an additional \$45,000 in cash be made available to the commission from state emergency funds. This amount, coupled with the original budget amount of \$25,000 plus an agreement in the amount of \$34,000 between the commission and the Human Resources Department for in-kind services to be provided by the Service Center Program seemed to satisfy the "continuation of effort" requirement.

However, the in-kind services were never provided by the Service Center Program and only \$46,114 were charged against the general fund appropriation. After the end of the 1971-72 fiscal year, federal expenditures of \$75,000 for administration were reduced by \$23,886, thus increasing state expenditures to a total of \$70,000. This was still \$32,095 short of meeting federal "continuation of effort" requirements.

The amount of state non-compliance for 1971-72 is tabulated below:

Required state continuance of effort	\$102,095
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Funds made available:

Original budget for 1971-72	\$ 25,000
Augmentation from state contingency funds	45,000
State Service Center Program contract	<u>34,000</u>
	<u>\$104,000</u>

Funds expended:

For administration and operation	\$ 46,114	
Adjustment of federal expenditures	<u>23,886</u>	<u>70,000</u>
Amount of state non-compliance		<u>\$ 32,095</u>

1972-73 NON-COMPLIANCE

The Budget Act of 1972 appropriated \$69,000 for support of the commission, \$20,300 for the Retired Senior Volunteers Program and \$147,000 for the Nutrition Program for the Elderly, for a total budget appropriation of \$236,000. Chapter 918, Statutes of 1972, augmented the Nutrition program appropriation by \$253,000. (As noted earlier, the appropriations for the nutrition program are available only for use as in-kind contributions pending implementation of the Nutritional Program by the federal government.) Allocations for health benefits and salary increases added another \$13,857, bringing General Fund authorization for fiscal year 1972-73 to \$503,157.

The amount of \$503,157, however, does not represent the amount of money available to the commission for the purposes of maintaining the minimum

continuance of effort of \$102,095 required by the federal government. Of the total appropriation for 1972-73, the \$69,000 appropriated for support of the commission plus the amount of salary increases and health benefits attributable to this amount (\$9,173 actually appropriated) qualified as the state's contribution for continuance of effort. In addition, the \$20,300 appropriated for the Retired Senior Volunteers Program was transferred to the support of the commission. The amount of state non-compliance for 1972-73 is tabulated below:

Required state continuance of effort		\$102,095
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Funds made available:

Original budget appropriation for 1972-73	\$ 69,000	
Nutrition Program appropriation	400,000	
Retired Senior Volunteers Program	20,300	
Salary and health benefit increases authorized	<u>13,857</u>	
	<u>\$503,157</u>	

Funds expended:

Original 1972-73 budget appropriation for Commission on Aging	\$ 69,000	
Transferred from Retired Senior Volunteers Program	20,300	
Salary and health benefit increases actually appropriated	<u>9,173</u>	\$ <u>98,473</u>
Amount of state non-compliance		\$ <u>3,622</u>

STATE ADMINISTRATION

As indicated earlier in this report, state administration for programs on aging under the Older Americans Act was spread among three administrative levels of state government. Sharing in these administrative responsibilities were the Commission on Aging, Office of Special Services (OSS), and the Department of Human Resources Development (HRD). In addition to these administrative levels a variety of local and state agencies administer other programs dealing either directly or indirectly with programs on aging.

RELATIONSHIP BETWEEN OSS AND THE COMMISSION ON AGING

With the enactment of Chapter 918, Statutes of 1972, the responsibilities of the commission were reduced. This statute, plus an agreement between OSS and the commission giving OSS operational control over some functions of the Older Americans Act, separated administrative responsibility for carrying out programs under the act.

The separation of administrative responsibilities between OSS and the commission posed problems to the effective management of programs on aging including the following:

- OSS and the commission had overlapping responsibilities for the development and coordination of local project activities.
- Separate administrative staffs were maintained to carry out program functions. This promoted duplication of effort and increased state administrative costs.

COSTS OF ADMINISTRATION

The accounting records of the Commission on Aging are commingled with the records of other operating units in the larger system of the Department of Human Resources. Because of this fact, extraction of the administrative costs of the commission is difficult. March 31, 1973 is the last date for which we have verified costs for the commission. The following table shows the makeup of the administrative costs at March 31, 1973:

Direct expenses of the commission	\$138,728
Human Resources Development costs	20,832
Office of Special Services costs	<u>18,125</u>
Total administrative costs	<u>\$177,685</u>

The OSS costs charged to the Commission on Aging consisted of the salaries of certain OSS personnel and the cost of certain office equipment and furniture purchased by OSS.

HRD's participating in programs on aging is limited to providing accounting, personnel and purchasing services. Most of the costs charged to the commission by HRD are their pro rata share of the total administrative management costs of HRD. We observed that services provided to the commission by HRD such as personnel records, project cost records and operating expense records were being duplicated by personnel within OSS and the commission.



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September 21, 1973

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